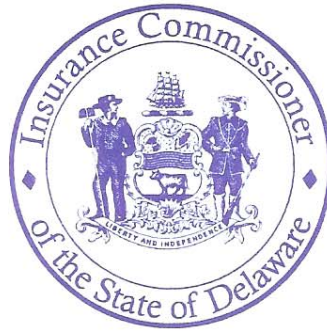


Matthew Denn
Insurance Commissioner



Department of Insurance
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MEMORANDUM

To: All Business Entities Licensed for Surplus Lines in Delaware
From: Ann Fletcher, Tax Coordinator
Date: February 24, 2006
Subj.: NEW ANNUAL REPORT FORM

The Insurance Department has developed the attached BUSINESS ENTITY REPORT OF AFFILIATED INDIVIDUAL SURPLUS LINES BROKERS, referred to as the "Agency Annual", for business entities (agencies, brokerages, firms, etc.) to use to list all surplus lines brokers active in the state of Delaware, resident and non-resident, who were affiliated with the business entity during the calendar year.

The *Surplus Lines Broker Premium Tax Annual Summary Report (SLB-A)* should **not** be submitted for a business entity. But please remind each individual surplus lines broker that he or she **must** file that report on or before March 1, 2006, whether or not he or she procured any business in Delaware during calendar year 2005.

The Agency Annual report will be due on or before March 1 each year, however, **due to the late development and distribution of this new form, the Department is extending the filing deadline for the current year to April 1, 2006.**

Please note that this report is for Surplus Lines only. Brokers who hold a valid Delaware surplus lines license are considered active whether or not they procured any surplus lines business in Delaware during the calendar year, and should be listed on the report with zero premiums.

The Department will use the information from the Agency Annual report to match with information reported by individual surplus lines brokers and non-admitted insurers to monitor surplus lines insurance throughout the state.

Questions or comments should be directed to Ann Fletcher, Ann.Fletcher@state.de.us or Barbara Zahn, Barbara.Zahn@state.de.us or call (302) 674-7300.